RURAL HEALTH DEMONSTRATION PROJECT

2002 FACT BOOK

MANAGED RISK MEDICAL INSURANCE BOARD

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Governor Gray Davis, Members of the California Legislature and fellow Californians:

On behalf of the Managed Risk Medical Insurance Board and staff, I am pleased to present the 2002 Healthy Families program (HFP) Rural Health Demonstration Project Fact Book. The 2002 Fact Book presents data on all aspects of the Rural Health Demonstration Projects - strategies, funding, and project outcomes. The Fact Book draws on data from the monitoring reports, the HFP enrollment database, participating plan partners, and clinic/provider information.

The purpose of the Rural Health Demonstration Projects is to fund rural collaborative health care networks participating in the HFP, to alleviate unique access problems to health, dental and vision care for HFP members and uninsured children living in rural communities. Funding is provided annually by the California Legislature. Federal funds provided through the State Children's Health Insurance Program (SCHIP) provide the majority of funding for the projects.

Since inception in FY 1998-99, the HFP Rural Health Demonstration Projects have increased access to health, dental, and vision care through the implementation of two strategies. The Geographic Access strategy funds projects in geographically isolated communities. The Special Populations strategy funds projects in communities with underserved populations of migrant seasonal farm workers, American Indians and fishing and forestry workers.

Two hundred and thirty-eight projects have been funded through the HFP Rural Health Demonstration Project. The individual projects are grouped into six major categories: (1) Extended Provider Hours, (2) Mobile Dental and Health Vans, (3) Increase Available Providers, (4) Rate Enhancements, (5) Portability of Coverage and (6) Telemedicine.

Key findings in the 2002 HFP Rural Health Demonstration Project Fact Book for each of the individual project types include:

- "Extended Providers Hours" projects have been successful in expanding access to services and in providing the base for new community resources. Eighty-three percent of the projects funded in this category have continued to offer extended hours of service to their communities beyond the Rural Health Demonstration Project funded demonstration period.

- Mobile Dental Vans and Health Vans have been instrumental in taking services to communities where there are no dentists or doctors available to provide care for HFP members. Over 13,000 HFP visits have been provided through the Rural Health Demonstration Project mobile services. Mobile vans services have increased awareness of the HFP in rural communities.

- Recruitment and retention of health and dental care providers continues to be a challenge in rural communities. Clinics participating in "additional provider projects " have experienced a sixty-eight percent retention rate of staff hired using Rural Health Demonstration Project funding.

- Rate enhancements that are passed on directly to providers have been another strategy used to increase access in rural communities. This strategy has been effective in areas where the plans do not have an adequate provider network; and where recruitment of providers into health or dental plan networks is a challenge.

- A special "Portability of Coverage" project offers a combination of health, dental, and vision coverage to HFP children of migrant seasonal farm workers, American Indians and fishing and forestry families. This option is designed to provide portable access to health care for HFP members whose families have to travel with their employment.

- Telemedicine has been implemented as a means of utilizing new technology to increase access to specialty care in rural communities where such care is not available. The development of the telemedicine network has been completed and utilization of this technology is on the increase.

We present this Fact Book to increase understanding of the Rural Health Demonstration Project structure, operations and achievements.

Sincerely,

Sandra Shewry
Executive Director

Rural Health Demonstration Project
2002 Fact Book

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OVERVIEW OF THE HEALTHY FAMILIES PROGRAM RURAL HEALTH DEMONSTRATION PROJECT

➢ *Background*

Up to five Rural Health Demonstration Projects (RHDPs) were authorized in the enabling legislation for the Healthy Families Program (Assembly Bill 1126, Chapter 623, Statutes of 1997). The purpose of the demonstration projects is to fund rural collaborative health care networks to alleviate unique access problems to health, dental and vision care in areas with significant numbers of uninsured children

The State of California adopted three strategies for implementing the RHDPs. Each strategy comprises one of the five RHDPs authorized by the legislation. The three strategies that have been implemented are:

Geographic Access: Projects designed to address the lack of health care services in rural geographic areas of California.

Special Populations: Projects designed to address unique access problems of special populations (children of migrant and seasonal farm workers, fishing and forestry workers, and American Indians).

Infrastructure: Projects designed to address the development or enhancement of infrastructure in rural areas where health care services are not accessible.

The Managed Risk Medical Insurance Board (MRMIB) has administrative responsibility for the implementation of the ***Geographic Access*** and ***Special Populations*** project strategies. The California Department of Health Services (DHS) has administrative responsibility for the ***Infrastructure*** strategy.

All health, dental, and vision plans participating in the Healthy Families Program (HFP) are eligible to participate in the RHDP. Since fiscal year 1998-99, six health plans and three dental plans have participated in the RHDP. The health plans are:

Blue Cross of California
Health Net of California
Health Plan of San Joaquin
Inland Empire Health Plan
Santa Barbara Regional Health Authority
Sharp Health Plan

The dental plans are:

Access Dental
Delta Dental
Premier Access

This report describes the RHDP strategies administered by the MRMIB and includes information on individual strategies, project solicitation and evaluation, funding, and individual project outcomes.

RHDP STRATEGIES

➢ Geographic Access Strategy

The Geographic Access strategy is designed to increase access to providers for HFP subscribers in rural areas. The California land mass is 80 percent rural. (See California Rural and Frontier Areas, **Appendix 2-1**). According to "Year 2000" census data there are a minimum of 5.1 million people living in rural areas California, in which includes 1.4 million children less than 18 years of age. Each fiscal year $3 million is budgeted for Geographic Access projects.

California's rural areas are generally characterized as having medically underserved and uninsured populations, including children who have no access to health care services. Rural communities are confronted with a shortage or lack of health and dental care providers, struggling transportation systems, and health care delivery systems that are often perceived by patients to be less than culturally sensitive. Most of rural California is characterized by daunting geographic barriers such as mountain ranges and, particularly during the winter months, inaccessible roads.

Since 1998, the RHDP Geographic Access strategy has provided funding for **108 projects**. Geographic Access projects must be located in a Rural Medical Services Study Area (MSAA). As established by the Office of Statewide Health Planning and Development, a MSSA is defined as an area with a population density of less than 250 people per square mile and no town of more than 50,000 people within the boundaries of the area.

Appendix 2-2 contains a complete listing of all the Geographic Access projects approved by the MRMIB during the history of the RHDP by Fiscal Year (FY).

➢ Special Populations Strategy

The Special Populations strategy is designed to increase access for HFP subscribers who are migrant and seasonal farm workers families, American Indians, and children of fishing and forestry workers families. Two of these special populations are identified in the enabling statute. American Indian children were addressed by the MRMIB in the program regulations development process. Special Population projects can be located wherever there is a need to address unique access problems for the Special Populations groups. In many cases the projects are located in rural areas. Each fiscal year $3 million is budgeted for special populations projects.

There are over 2 million farm workers living and working in California. Most of the farm workers live and work in the San Joaquin Valley with Fresno having the highest number of farm workers of all California counties. According to the latest census figures, there are 313,642 American Indians living in California. Approximately 50 percent of the American Indian population is affiliated with one of the 102 federally recognized Indian tribes in California and the other 50 percent are Urban Indians. Currently there is no available data regarding the fishing and forestry population.

Since 1998, the RHDP Special Populations project strategy has provided funding for **130 projects**.

Appendix 2-3 contains a complete listing of all the Special Populations projects approved by the MRMIB during the history of the RHDP by FY.

SOLICITATION AND EVALUATION OF PROPOSED RHDP PROJECTS

The RHDP is comprised of individual projects administered by health, dental, or vision plans. Plans administer these projects consistent with the contractual arrangements between plans and the MRMIB. Clinics or other health care providers willing to partner with the HFP participating plans must submit proposals to MRMIB through the participating plans.

RHDP funds flow through the contractual relationships between the MRMIB and the HFP plans because RHDP funding is part of the "benefit" component of the federal State Children's Health Insurance Program (SCHIP) funding. If project funds flowed directly from the MRMIB to clinic or other provider sites, the funds would either be charged against SCHIP administrative costs or would require a waiver of federal law.

➢ Project Solicitation

Plans interested in participating in the RHDP are required to submit proposals describing projects for MRMIB's consideration. Plans are also required to submit a model contract amendment as an indication of their willingness to partner with MRMIB. Plans, providers and other stakeholders comment on the solicitation package at public meetings of the MRMIB before the solicitation is released to the public. Only those HFP participating plans that have an existing contract with MRMIB are able to participate in the RHDP. Each project submitted by the plans is evaluated by the MRMIB on its individual merits. Project selection is based on a competitive negotiation process and other criteria established for the proposal solicitation as approved by the MRMIB.

To be eligible for **Geographic Access** project funding, a project proposal must demonstrate:

- An area's need for additional services as identified by the unique access barriers;
- The potential number of eligible children, and the current HFP network (including traditional and safety net providers as defined by the MRMIB) available to subscribers in the area;
- A proposed project's potential for increasing the plan's provider network. New providers to the health plan's network receive special consideration;
- Cost-effectiveness of a proposal, including administrative overhead costs.

To be eligible for **Special Populations** project funding, a project proposal must demonstrate:

- Methodology for addressing the unique access needs of one or more identified special populations and the extent to which the proposal is designed to reduce health disparities among children in the target special populations;
- The plan's proposed network of providers, including other facilities available to special populations and/or additions to the plan's network;
- The inclusion of providers that have experience serving the specific target populations;
- Cost-effectiveness of the project, including the amount of funding used for administrative overhead and direct services.

Chart 3-1 and **Chart 3-2** on the following pages 4 and 5 show the counties benefiting from Geographic Access and Special Populations projects in the current fiscal year (2001-02).

RHDP Geographic Access Projects **CHART 3-1**

Legend:

= Counties with Geographic Access Projects

Source: RHDP Reports and MRMIB Administrative Data

RHDP Special Populations Projects **CHART 3-2**

Legend:

= Counties with Special Populations Projects

Source: RHDP Reports and MRMIB Administrative Data
NOTE: Does not include statewide Special Populations Option.

➢ Project Solicitation (cont.)

In the solicitation package, the MRMIB encourages plans and providers to submit proposals in the following areas of need:

- Increased hours of operations (evenings and weekends) at provider sites.
- Increased number of providers available to subscribers at rural facilities (family practitioners, pediatricians, nurses, dentists, pedodontists, dental hygienists, dental assistants, ophthalmologists, and other providers not readily available in rural area)
- Mental Health and Substance Abuse services
- Health Education, including nutrition counseling programs
- Mobile Health and Dental Vans
- Transportation services to assist families in isolated areas or areas without public transportation to bring children to the provider offices
- Establishment of Telemedicine sites

➢ Project Oversight – Partnership of Plans and the MRMIB

Once a project is selected, the health, dental, or vision plan is primarily responsible for the individual project's oversight. Oversight responsibilities include:

- Developing and executing a project agreement between the participating RHDP health, dental or vision plan and the health care provider(s)
- Implementing fiscal accountability for the specific project. This component includes justification and documentation for all expenditure associated with the RHDP
- Submission of quarterly activity reports to the MRMIB
- Reimbursement of providers for expenditures incurred in the RHDP
- Conducting joint monitoring visits at project sites with the MRMIB staff

Other MRMIB administrative responsibilities include:

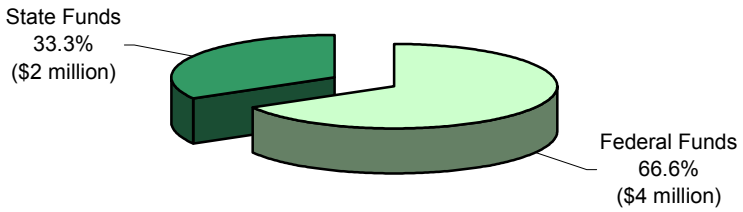
- Invoice processing
- Monitoring project expenditures
- Preparing monitoring reports, and communicating issues or concerns to plans
- Compiling project data from quarterly activity reports
- Providing consultation to health and dental plan RHDP managers regarding project changes
- Ensuring that projects are implemented as proposed

RHDP FUNDING

Funding for the RHDP is allocated annually by the California Legislature as part of the State budget process. Since FY 1998/99 $6 million has been designated annually to the Geographic Access and Special Populations strategies. The general fund allocation is $1 million for the Geographic Access strategy and $1 million for the Special Populations strategy. Funding is matched by the federal government at the 66 percent rate, or the equivalent of $2 million for the Geographic Access and $2 million for the Special Populations strategy. **Chart 4-1** illustrates the funding sources for the RHDP.

CHART 4-1

2001-2002 MRMIB RHDP Funding
$6 Million Annually



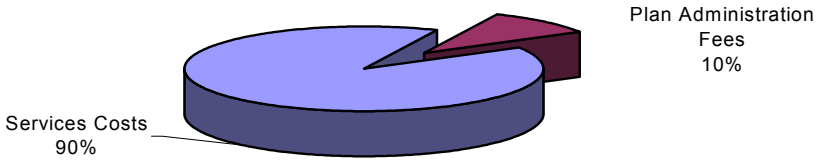
Source: Budget for 2001-02 Fiscal Year
Note: Future year State funding assumes continued federal funding for RHDP.

All project proposals submitted to MRMIB include a detailed budget. Project dollars are awarded pursuant to a competitive process. The total dollar value of proposed projects always exceeds available funding. Each plan is permitted to submit up to $6 million in project proposals.

Plans participating in the RHDP are allowed to spend up to 15 percent of the individual project funding amount for plan administrative costs to maximize funds for services and to make their proposals more competitive. Plans have kept the administrative costs to a maximum of 10 percent. **Chart 4-2** illustrates the RHDP fund allocation and the percentage charged for administration.

CHART 4-2

2001-2002 RHDP Expenditures

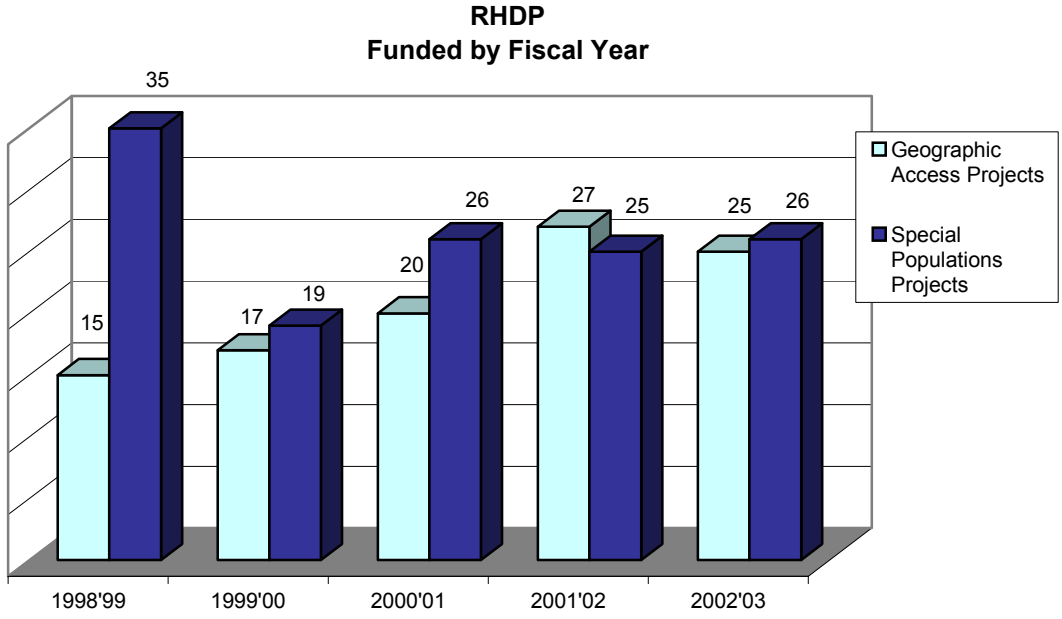


Source: Budget for 2001-02 Fiscal Year

The number of individual projects funded from 1998-99 through Fiscal Year 2001-02 is shown on **Chart 4-3**, below.

In both Geographic Access and Special Populations strategies a large number and variety of projects are funded each year.

CHART 4-3



Source: MRMIB RHDP administration documents
Note: Fiscal Year 2002-03 projects assume continued State and federal fund availability.

RHDP OUTCOMES

The MRMIB focus in designing the RHDP is two-fold: (1) to increase access to health care for HFP enrolled children and, (2) to provide short-term funding for projects that can be self-sustaining in the future. The types of individual projects can be grouped into six major categories: Extended Provider Hours; Mobile Dental and Health Vans; Increase Available Providers; Rate Enhancements; Portability of Coverage; and Telemedicine.

➢ Extended Provider Hours

Funding for these projects enables clinics and other providers to increase access to care by staying open longer hours to accommodate the lifestyles of the HFP population.

This can occur by having clinics open during weekday evening hours or on Saturdays and Sundays or any combination of weekday or weekend hours. These projects have been successful in both expanding access to services and in transitioning to self-sufficiency.

- Since the inception of the RHDP 47 "extended provider hours" projects have been funded. Thirty-five of these projects no longer receive RHDP funding.

- Of these 35 projects, 29 projects (83 percent) have continued their "extended hours" after the RHDP contracts ended.

- Of the 29 projects that have continued extended hours projects:

  - ❖ Nineteen clinics (66 percent) were able to adjust their budgets through non-RHDP HFP-generated income and additional funding sources to maintain extended hours.

  - ❖ Ten clinics (34 percent) indicated that they relied on non-HFP funding sources to keep the "extended hours" projects.

- All clinics also indicated that the ability to offer "extended hours" resulted in greater patient encounters ranging from 15 percent to 25 percent increase in patient visits.

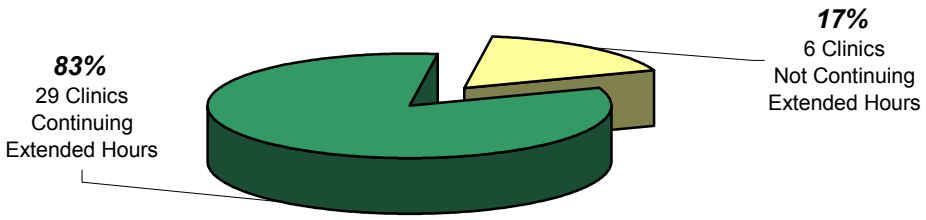
- All clinics indicated that the ability to offer additional hours reduced the patient "no show" rate, especially where the clinic had designated the extra hours to accommodate walk-in patients.

- One clinic indicated that they had experienced a reduction in after-hours emergency room visits as a result of the extended hours allowing patients to be seen for non-emergency care at times other than normal business hours.

Chart 5-1 summarizes the projects continuing the extended clinic hours.

CHART 5-1

RHDP
Projects Continuing Extended Clinic Hours



Source: RHDP Monitoring Reports; Clinic Survey conducted by the MRMIB, February 2002.
Note: Projects funded in 1998 through 2001 = 35.

➢ Mobile Dental and Health Vans

Mobile dental vans take services to communities where no local providers are available and where location of a permanent provider site is not feasible.

Delta Dental Plan and Blue Cross of California have received RHDP funding to provide mobile dental and health services to HFP subscribers. Delta Dental contracts with three mobile dental practices: (1) Healthy Smiles, (2) Tooth Mobile, and (3) University of Southern California (USC). Mobile dental services are provided in 27 rural counties (See **Chart 5-3** [map] on page 13). In addition to the three mobile dental practices, individual clinics in partnership with Delta Dental and Blue Cross of California have been awarded project funds to provide mobile health and dental services in their respective services areas. These clinics include the Valley Health Team in Fresno County, Clinica Sierra Vista serving Kern County, Clinica de Salud del Pueblo serving Imperial County, and Kings Mobile Health serving Kings County.

How Mobile Dentistry and Medicine Increase Access to Dental and Health Care

A typical mobile unit is a self contained two-dental procedure room or two examination-room unit. Equipment includes dental procedure stations, complete with dental chairs, lights, hand tools, evacuation systems, radiographic equipment and sterilization units. Exam rooms include examination tables and other necessary medical equipment. The mobiles are capable of producing their own power using generators; they carry their own water supply and disposal system. This self-containment gives the mobile units the capability of functioning independently.

To provide health or dental services to isolated communities, the communities must be willing to provide some logistical support necessary to increase access to health or dental care for their children.

The Deployment Process

Successful operations begin with an initial request from the community organization or school in need of services to the health or dental plan. The request for services must identify the areas of the county with the greatest need, and describe how the community is willing to facilitate the logistics to provide the services. This process includes advanced planning, sending notices to parents, obtaining health histories, and insurance information.

The mobile dental practices travel to various isolated rural communities and set-up for one week. Typically, they park at an elementary school site and work closely with the ***Healthy Start*** staff. In one week, if all the proper planning has taken place, each mobile van is capable of treating between 60 and 100 children. The services provided are comprehensive; when follow up is required, the HFP subscriber may be referred to a local dentist or the mobile van will be scheduled for a return trip. Usually mobile vans return every six months for follow-up services and new appointments.

- ***Increased Dental Service Levels***

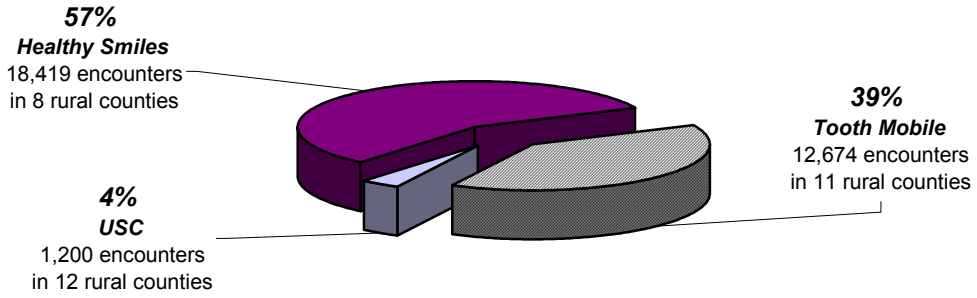
The mobile dental practices have been able to significantly increase access to HFP subscribers in rural areas of California. The MRMIB has continued to support these efforts by funding the operational costs to set up in rural locations as needed. From 1998 through June 2001:

- A total of 31 rural counties have been served by mobile dental practices.
- 32,293 visits have been provided, of which 40% were HFP children.

Chart 5-2 describes the rural counties currently benefiting from mobile dental clinics.

CHART 5-2

Mobile Dental Van Encounters



Source: Delta Dental Plan

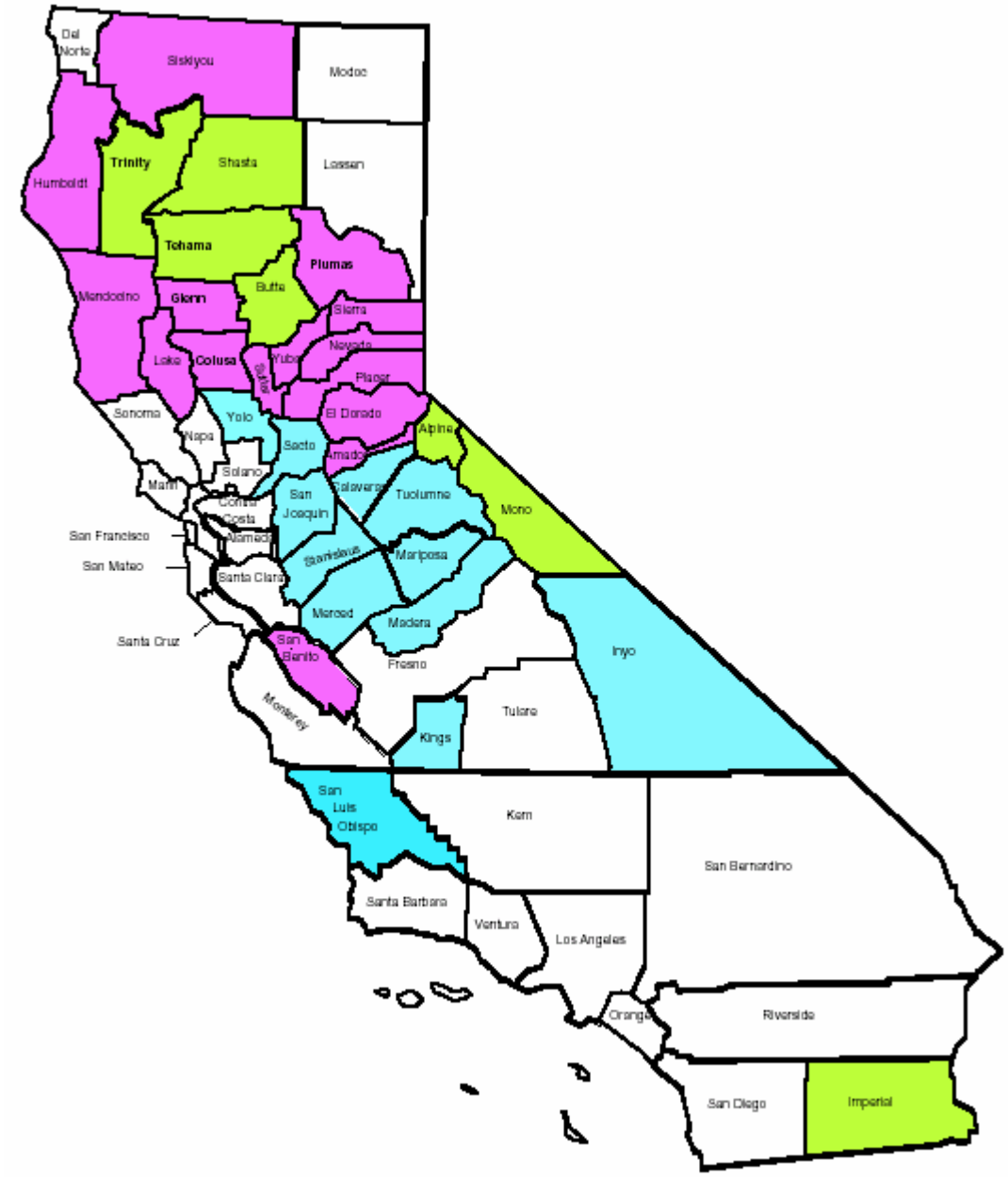
- ***Other Possible Outcomes***

Rural areas of the state have greatly benefited from a range of diverse services provided by the mobile vans. These benefits include:

- ❖ Setting up and working at a school site increases awareness of the Healthy Families Program and encourages enrollment.
- ❖ Children share the experience of visiting a dentist with their friends and receive "peer" support, which helps reduce fears often associated with "going to the dentist."
- ❖ Children are treated in a familiar environment and parents do not have to arrange for transportation.
- ❖ Children do not miss school for a period longer than the duration of the appointment, which is arranged and approved at the school site.

Chart 5-3 on the following page describes the Delta Dental mobile clinic counties served.

Rural Health Demonstration Project—Delta Dental Mobile Clinics **CHART 5-3**



Legend:

= Tooth Mobile

= Healthy Smiles

= University of Southern California

Source: Delta Dental

➢ Increase Available Providers

Projects that increase the number of available providers increase access to health and dental care by providing funds to bring a particular type of practitioner into a community. To qualify for "additional providers" a clinic must be part of the health or dental plan's existing network serving HFP enrolled children and demonstrate a need for additional health or dental care providers to:

- Reduce the waiting period for appointments
- Accommodate additional patients
- To add new medical services not currently available at the site
- To increase access to "special populations" by funding bilingual/culturally proficient health care providers

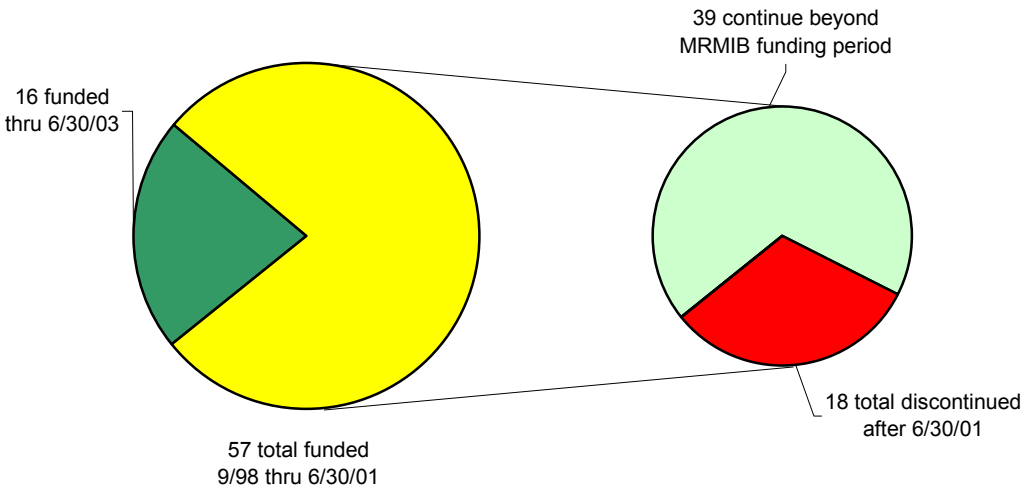
Since the inception of the RHDP, the MRMIB has received numerous requests from clinics in need of additional providers. The requests came from clinics that lacked alternative funding sources to finance the additional providers without RHDP assistance.

Seventy-three "additional provider" projects have been funded though Geographic Access and Special Populations strategies.

- Sixteen of the 73 "additional provider" projects are funded during the current budget year. Evaluation of these projects is forthcoming.
- The 57 "additional provider" projects were funded in previous fiscal years. Thirty-nine (68 percent) of the projects retained the additional health care provider beyond the period funded by the MRMIB.
- Of the 39 projects that have continued beyond the RHDP funding period, 32 received funding of less than a full time equivalent (FTE) position. The requesting organization provided in kind support to fully fund the positions, creating a true partnership of investment in the projects. These projects demonstrate local initiative at leveraging RHDP funds to serve local needs.
- Seven of the 39 projects requested full FTE funding for their "additional providers." These clinics reported greater difficulty continuing their projects. They did, however, find alternative funding sources to continue the positions.
- Eighteen projects (32 percent) were **unable** to sustain funding to continue with the additional providers funded under the RHDP. These positions were fully funded by the RHDP through June 30, 2001.

CHART 5-4

Rural Health Demonstration Project
Additional Provider Projects
73 Total Additional Providers



Source: MRMIB RHDP Monitoring Reports and Clinic Survey, February 2002
Note: Fiscal Year 2002-03 projects assume continued State and federal fund availability.

As illustrated in **Chart 5-4**, above, 18 projects were unable to sustain funding to continue their additional providers. The reasons for discontinuing the positions vary from clinic to clinic. Some reasons given include:

- Inability to secure alternative funding sources to continue the project beyond the period established by the RHDP.

- In some cases the additional providers left for jobs in other communities. In some cases the patient encounters did not increase as expected.

- In all cases the income generated by the Healthy Families Program patients was not sufficient to pay for the additional providers' salaries.

It is important to recognize that recruitment and retention of health care providers for rural areas continues to be a challenge, and "finding and keeping" these providers is an important factor in addressing health care access issues in rural communities.

➢ Rate Enhancements

Projects that provide rate enhancement to existing providers in a community increase access by expanding the HFP plans' networks. In some areas, provider sites are present but the provider is reluctant to participate in the HFP at the *plan's* usual rate of reimbursement. In rural areas, this can result in access barriers for subscribers. The MRMIB has provided assistance to the plans in the form of rate enhancements that are passed on to the doctor or dentist as an incentive to join the plan's network. Although there are no specific records to indicate how many doctors or dentist joined the plan's network as a result of the modest rate increase, we believe that the rate enhancement project has worked adequately as an incentive to open doors for HFP children in rural areas. When a doctor or dentist is not willing to join the plans network, the rate enhancement paid on behalf of the HFP subscriber makes HFP more competitive in the market place.

➢ Portability of Coverage Project

The portability of coverage project increases access by assuring that members of special populations do not lose coverage as the family physically moves throughout the State. A common characteristic of the three special populations, migrant seasonal farm workers, American Indians, and fishing and forestry families is high mobility. Many of these families move throughout the State following job opportunities. The portability coverage project is designed to assure that these families do not have breaks in health care coverage when they move.

This project offers a combination of health, dental and vision plans that are available to HFP enrolled children. The statewide plan is offered by Blue Cross of California, Delta Dental Plan, and Vision Services Plan (VSP). Families of children participating in this special populations plan do not have to select a new health, dental or vision plan when the family relocates. A small fee differential is paid to Blue Cross of California and Delta Dental for the costs of tracking and screening participants in the portability of coverage of project.

Approximately 1,100 children are enrolled in this portable plan. Plans are required to monitor enrollment, with the understanding that when allocated funds are spent, the plans will continue to provide services without the enhancement. Past records indicate that plans have always exhausted all allocated funds prior to the end of each fiscal year in which they were encumbered.

➢ Telemedicine Project

The telemedicine project increases access by linking rural providers with specialists using technology. Blue Cross of California was awarded project funding to develop a comprehensive telemedicine network to increase access to specialty care in rural isolated areas of California. Telemedicine uses computer technology to connect a patient and their primary care provider to a specialist in a different location for diagnosis, suggested treatment and a second opinion. All telemedicine locations have been equipped with video conferencing capabilities, general exam cameras, ENT scope and other peripheral medical equipment.

The current network capacity includes 43 primary sites and six specialty locations (See Telemedicine Rural Site Map, **Appendix 5-1**).

- ***Consultation Methods in Telemedicine***

  - Two types of teleconsultation methods are used in the network: (1) Live video (simultaneous) teleconsult connects the patient, the primary care provider, and the specialists at the same time to discuss the patient's medical condition. This approach accounts for more than 90 percent of the current telemedicine events. (2) Store and Forward (asynchronous) teleconsult uses software to store and encrypt the pertinent medical data (e.g., picture, ECG, x-ray, etc.). The secured data is then transmitted electronically to the specialist for review and consult. Full implementation of the selected Store and Forward software is currently underway.

  - The RHDP telemedicine network uses an open "spider-web" approach. Based on this concept, any primary care location within the network is able to connect to any other primary care site or any specialty site. Any Blue Cross provider or any licensed provider with the technical capabilities may refer to or join the network. Numerous specialty locations can be partnered with to expand the potential services to the patient. The network can also address professional development needs.

- ***Unique Telemedicine Project Features***

  - All new telemedicine locations are equipped with a computer system, video conferencing equipment and software, a general exam camera, ENT scope, and other medical peripherals.

  - Scheduling is supported with the use of a customized, web-based scheduling system.

  - The telemedicine network is supported through equipment installations, training, software, technical support and reimbursement beyond the existing federal and state reimbursement levels.

  - Reimbursement to both the primary care provider and the specialist for live and store-and-forward consultations, which encourages provider participation in the program.

- ***Telemedicine Project Benefits***

  - Improved access specialty care, and improved quality of care through more timely diagnosis and treatment, and the involvement of the patient's primary care provider throughout the process.

  - Less subscriber travel to specialty centers and greater collaboration between physicians.

  - Enhanced potential for recruitment of health care professionals in rural areas, reduced professional isolation, increased service enhancements, patient attraction and retention.

  - Expanded and increased sharing of educational resources among network sites.

➢ *Telemedicine Project Outcomes*

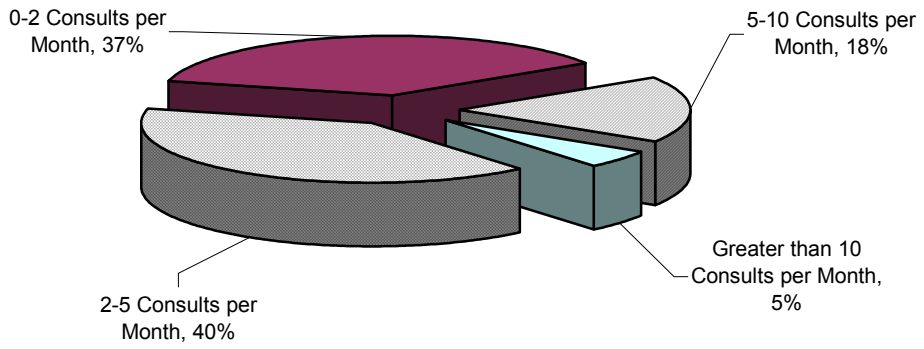
Blue Cross of California (BCC) has monitored utilization and acceptance of the telemedicine project since the first clinical encounters in July 1999. Through February 2002, the entire network has reported more than 2000 clinical telemedicine encounters and over 900 non-clinical consults such as community services, continuing medical education and other training sessions.

➢ *Consults Per Month*

During these first two years of the project (July 1999 through June 2001), 63 percent of the sites were able to schedule and complete two or more consults per month.

CHART 5-5

Consults Per Month
Percentage of Telemedicine Sites



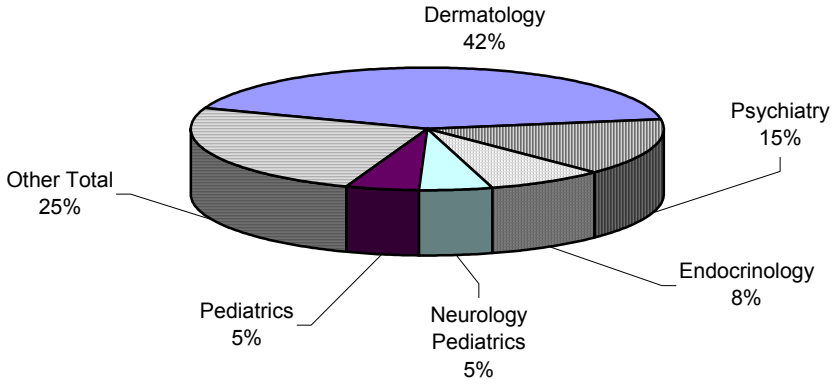
Source: Blue Cross of California

➢ *Overall Utilization by Specialty*

The Top 5 Specialties throughout the entire network have consistently been—dermatology, psychiatry, endocrinology, pediatric neurology, and pediatrics.

CHART 5-6

Utilization by Specialty
Entire Network



Source: Blue Cross of California

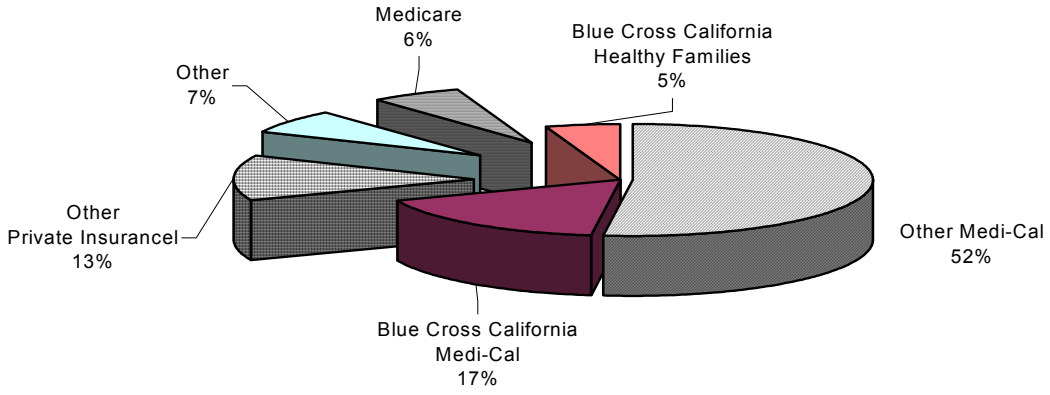
➢ *Pay Source*

The original target populations for the RHDP/BCC telemedicine project were Healthy Families subscribers and Medi-Cal members residing in rural areas of California. However, the "Open Network" telemedicine model implemented serves all patients whose need may fit a telemedicine application, regardless of payer source. Reimbursement for telemedicine services for non-HFP subscribers is the responsibility of the individual patient.

During the first two years of the telemedicine project, 74 percent of the patients served by the entire network were subscribers of Healthy Families or members of Medi-Cal.

CHART 5-7

Utilization by Pay Source - Entire Network
(July 1999 - June 2001)

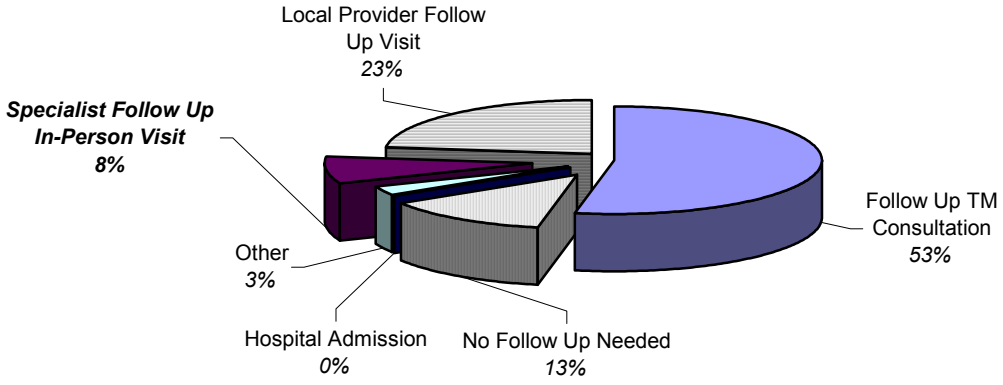


Source: Blue Cross of California

Eight percent of the telemedicine encounters resulted in the need for an in-person specialist follow-up. The remaining encounters could be addressed locally or via telemedicine.

CHART 5-8

Disposition of Telemedicine Encounters

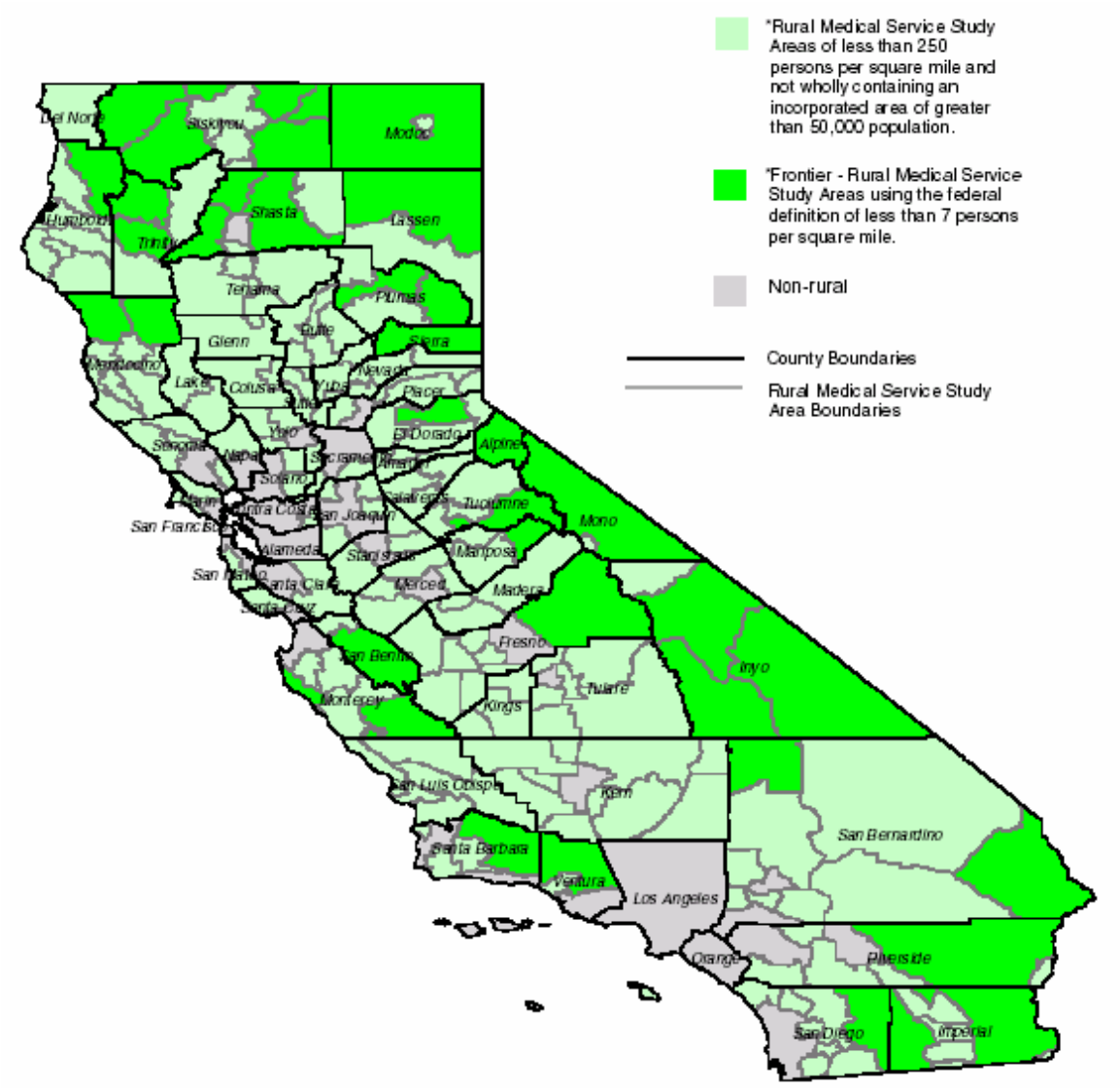


Source: Blue Cross of California

Appendix

Appendix 2-1

California Rural and Frontier Areas
per the California Rural Health Policy Council Definition



Source: California Rural Health Policy Office, March 2001
Office of Statewide Health Planning and Development data

RHDP PROJECTS BY COUNTY, HEALTH PLAN AND PARTNER(S) APPENDIX 2-2
Geographic Access Projects Page 1 of 2

1998-1999 PLAN	COUNTY	PLAN PARTNER(S)	ALLOCATED FUNDS	PROJECTS
Blue Cross	Statewide	Telemedicine Clinic Network	$1,845,000	1 Telemedicine Project
Delta Dental	Sonoma	Alliance Medical Center	$65,000	
Delta Dental	Sutter	Del Norte Clinics	$75,000	
Delta Dental	Tulare	Family Healthcare Network	$95,000	
Delta Dental	Tulare	Family Healthcare Network	$90,000	
Delta Dental	Merced	Golden Valley Health Center	$75,000	
Delta Dental	Merced	Golden Valley Health Center	$75,000	
Delta Dental	Stanislaus	Golden Valley Health Center	$75,000	
Delta Dental	Stanislaus & Merced	Golden Valley Health Center	$125,000	
Delta Dental	Humboldt/Trinity/Del Norte	Open Door Community Centers	$25,000	
Delta Dental	Fresno	Valley Health Team/San Joaquin Health Centers	$75,000	
Delta Dental	Fresno	United Health Centers	$75,000	
Delta Dental	15 Rural Counties	USC/Healthy Smiles	$225,000	
Delta Dental	31 Rural Counties	Individual Dentists	$37,000	13 Projects
Premier Access	22 Rural Counties	Individual Dentists	$43,000	1 Rate Enhancement Project
		TOTAL:	***$3,000,000***	***15 Total Projects***

1999-2000 PLAN	COUNTY	PLAN PARTNER(S)	ALLOCATED FUNDS	PROJECTS
Blue Cross	Any Statewide Rural Area	Pediatric Pulmonary Clinic	$198,500	
Blue Cross	Fresno, Humboldt, Kern, Madera, Stanislaus, Tulare Tuolumne	HFP Telemedicine	$80,000	
Blue Cross	Lassen, Modoc, Plumas, Shasta	Northern Sierra Rural Health	$113,500	
Blue Cross	Mendocino	Mendocino Coast Clinics	$63,600	
Blue Cross	Shasta	Hill Country Community Clinic	$53,800	
Blue Cross	Tulare	Family Healthcare Network	$43,239	
Blue Cross	Tulare	Family Healthcare Network	$143,478	7 Projects
Delta Dental	31 Counties	Individual Local Dentists	$1,000,000	
Delta Dental	8 Counties	Tooth Mobile	$258,500	
Delta Dental	Humboldt & Trinity	South Trinity Health Services	$65,032	
Delta Dental	Humboldt & Del Norte	Open Door Comm Health Centers	$287,100	
Delta Dental	Lassen & Modoc	Big Valley Medical Cntr & Northern Rural Health Clinics, Inc.	$185,680	
Delta Dental	Mendocino	Mendocino Coast Clinics	$82,500	
Delta Dental	Plumas	Eastern Plumas Health Care	$60,069	
Delta Dental	Shasta	Shasta Community Health Center	$99,000	8 Projects
Premier Access	25 Rural Counties	Individual Local Dentists	$225,000	1 Project
Access Dental	5 Counties	Individual Local Dentists	$41,002	1 Project
		TOTAL:	***$3,000,000***	***17 Total Projects***

RHDP PROJECTS BY COUNTY, HEALTH PLAN AND PARTNER(S) APPENDIX 2-2
Geographic Access Projects Page 2 of 2

2000-2001 PLAN	COUNTY	PLAN PARTNER(S)	ALLOCATED FUNDS	PROJECTS
Blue Cross	25 Counties	Blue Cross Community Clinics	$224,297	
Blue Cross	Kern	Sage Community Health Center	$66,250	
Blue Cross	8 Counties	Northern Sierra Rural Health Ntwk	$77,079	
Blue Cross	Shasta	Hill Country Community Clinic	$38,000	
Blue Cross	Shasta	Hill Country Community Clinic	$22,770	
Blue Cross	6 Counties	Shasta Community Health Center	$54,912	
Blue Cross	6 Counties	Shasta Community Health Center	$108,900	
Blue Cross	Siskiyou	McCloud Healthcare Clinic	$37,470	8 Projects
Delta Dental	31 Rural Counties	Individual Local Dentists	$750,000	
Delta Dental	10 Counties	USC	$199,100	
Delta Dental	11 Counties	Tooth Mobile	$171,600	
Delta Dental	6 Counties	Healthy Smiles Mobile Clinic	$264,000	
Delta Dental	Del Norte & Humboldt	Open Door Community Clinic	$101,323	
Delta Dental	Lake	Mendocino Community Clinic	$79,200	
Delta Dental	Sutter & Yuba	Rideout Health Group	$177,221	
Delta Dental	Trinity & Humboldt	South Trinity Health Services	$24,999	
Delta Dental	Tuolumne	Tuolumne Family Health Services	$25,259	9 Projects
Premier Access	33 Counties	Premier Access	$300,00	1 Project
Sharp Health Plan	San Diego	Southern Health Services	$165,200	1 Project
HP of San Joaquin	San Joaquin	Community Medical Centers	$112,420	1 Project
		TOTAL:	***$3,000,000***	***20 Total Projects***

2001-2002 PLAN	COUNTY	PLAN PARTNER(S)	ALLOCATED FUNDS	PROJECTS
Blue Cross	Glenn & Tehama	Corning Medical Associates	$124,475	
Blue Cross	San Diego	North County Health Services	$63,338	
Blue Cross	Kern	Cal City Clinic	$82,368	
Blue Cross	Stanislaus	Stanislaus County Health Services	$62,645	
Blue Cross	Sonoma	Alliance Medical Center	$224,796	
Blue Cross	18 Counties	Various Telemedicine Sites	$80,078	
Blue Cross	9 Rural Counties	Northern Sierra Rural Health Ntwk	$130,962	
Blue Cross	Humboldt	Redwood Community Health Clinic	$49,500	
Blue Cross	Humboldt	Humboldt Open Door Clinic	$29,653	
Blue Cross	Del Norte	Del Norte Comm Health Center	$80,537	
Blue Cross	Kern	Sage Community Health Center	$32,857	
Blue Cross	Butte, Sutter,Glenn,Colusa	Del Norte Clinics	$89,182	
Blue Cross	Sonoma	Copper Towers Family Med Cntr	$97,460	
Blue Cross	Tulare	Lindsay Urgent Care	$82,034	
Blue Cross	Sonoma	Sonoma Valley Comm Health Cntr	$96,388	
Blue Cross	Kings	Health Valley Medical Group	$50,600	
Blue Cross	Madera	Madera Family Medical Group	$93,500	17 Projects
Delta Dental	31 Counties	HFP Rural Dental Providers	$464,054	
Delta Dental	Modoc	Canby Fam Prac/Modoc Med Cntr	$158,988	
Delta Dental	Shasta	Hill Country Clinic	$59,627	
Delta Dental	Mono & Inyo	Mammoth Hospital	$113,002	
Delta Dental	Mendocino & Lake	Potter Valley Comm Health Center	$25,129	
Delta Dental	Humboldt,Trinity,Mendocio	Redwoods Rural Health Center	$112,320	
Delta Dental	Humboldt & Trinity	South Trinity Health Services	$31,687	
Delta Dental	Sonoma	West County Health Center	$81,000	
Delta Dental	19 Counties	Health Smiles, Tooth Mobile, USC	$388,800	9 Projects
IEHP	Riverside/San Bernardino	Multiple Providers	$95,000	1 Project
		TOTAL:	***$3,000,000***	***27 Total Projects***

RHDP PROJECTS BY COUNTY, HEALTH PLAN AND PARTNER(S) APPENDIX 2-3
Special Populations Projects Page 1 of 3

1998-1999 PLAN	COUNTY	PLAN PARTNER(S)	ALLOCATED FUNDS	PROJECTS
Blue Cross	Butte, Colusa,Glenn,Sutter	Del Norte Clinics	$66,279	
Blue Cross	Calaveras	Mact Health Board	$108,000	
Blue Cross	Fresno	Sabian Medical Clinic	$108,000	
Blue Cross	Fresno	Sequoia Community Health Center	$59,400	
Blue Cross	Imperial & Riverside	Imperial Valley Healthcare	$64,800	
Blue Cross	Kern	Clinica Sierra Vista	$66,179	
Blue Cross	Kern	Kern County Family Healty	$72,360	
Blue Cross	Kern	National Health Services	$58,476	
Blue Cross	Madera	Darin Camerena Health Centers	$62,028	
Blue Cross	Merced	Golden Valley Health Center	$60,192	
Blue Cross	Merced	Livingston Comm Health Services	$58,476	
Blue Cross	Merced	Valley Health Team	$59,590	
Blue Cross	Orange	Puente A La Salud (PALS)	$91,800	
Blue Cross	San Diego	Indian Health Council	$108,000	
Blue Cross	San Diego	Inland Empire Comm Health Cntr	$75,600	
Blue Cross	Sonoma	Sonoma County Indian HealthPrjct	$108,000	
Blue Cross	Stanislaus	Sierra Health Center	$75,600	
Blue Cross	Stanislaus	Stanislaus County Health Services	$56,592	
Blue Cross	Tulare	Family Healthcare Network	$65,664	
Blue Cross	Tulare	Tulare Community Health Clinic	$54,000	20 Projects
Delta Dental	Imperial	Clinica De Salud Del Pueblo	$141,750	
Delta Dental	Kern	Clinica Sierra Vista	$224,316	
Delta Dental	Kern	National Health Services	$139,650	
Delta Dental	Lassen	Big Valley Medical Center	$23,100	
Delta Dental	Mendocino	Potter Valley Comm Health Center	$78,750	
Delta Dental	Monterey	Clinica De Salud Del Valle Salinas	$125,625	
Delta Dental	Shasta	Mayers Memorial Hospital	$15,750	
Delta Dental	Solano	Vacaville Community Clinic	$84,000	
Delta Dental	Sonoma	Copper Towers Family Med Cntr	$61,425	
Delta Dental	Tulare	Family Healthcare Network	$39,900	
Delta Dental	Tulare	Family Healthcare Network	$50,400	
Delta Dental	Tulare	Family Healthcare Network	$64,050	
Delta Dental	Ventura	Clinicas Del Camino Real	$47,250	
Delta Dental	Yolo	Community Care Health Centers	$175,000	14 Projects
Blue Cross Delta Dental VSP	Statewide	Spcl. Populations Combo. Option	$250,000	1 Project
		TOTAL:	***$3,000,000***	***35 Total Projects***

RHDP PROJECTS BY COUNTY, HEALTH PLAN AND PARTNER(S) APPENDIX 2-3
Special Populations Projects Page 2 of 3

1999-2000 PLAN	COUNTY	PLAN PARTNER(S)	ALLOCATED FUNDS	PROJECTS
Blue Cross	Fresno, Merced, Tulare	Sabian Medical & Livingston Med.	$246,000	
Blue Cross	Kern, Los Angeles,Ventura	Henry Mayo Newell Mem Hospital	$76,829	
Blue Cross	Los Angeles	Samuel Dixon Family Health Cntr	$73,700	
Blue Cross	San Diego	LaMaestra Family Clinic	$60,870	
Blue Cross	Sonoma	Alliance Medical Center	$73,000	5 Projects
Delta Dental	Fresno	Valley Health Team	$330,000	
Delta Dental	4 Counties	Healthy Smiles Mobile Services	$53,522	
Delta Dental	Glenn	Del Norte Clinics	$200,244	
Delta Dental	Imperial & Riverside	Clinica De Salud	$352,000	
Delta Dental	Inyo	Toiyabe Indian Health Project	$112,132	
Delta Dental	Kern	Clinica Sierra Vista	$152,503	
Delta Dental	Kern	National Health Services	$151,276	
Delta Dental	Merced & Stanislaus	Golden Valley Health Centers	$265,760	
Delta Dental	San Benito	S.B. Health Foundatn Dental Clinic	$154,353	
Delta Dental	Santa Cruz	Dientes Community Dental Clinic	$160,446	
Delta Dental	Sonoma	Copper Towers Family Med Cntr	$64,315	
Delta Dental	Tulare	Family Healthcare Network	$305,670	12 Projects
HP San Joaquin	San Joaquin	Community Medical Centers	$114,500	1 Project
Blue Cross Delta Dental VSP	Statewide	Spcl. Populations Combo. Option	$52,280	1 Project
		TOTAL:	***$3,000,000***	***19 Total Projects***

2000-2001 PLAN	COUNTY	PLAN PARTNER(S)	ALLOCATED FUNDS	PROJECTS
Blue Cross	Statewide	Spcl. Populations EPO Statewide	$61,056	
Blue Cross	5 Counties	Del Norte Clinics	$109,204	
Blue Cross	Fresno	Sabian Medical Clinic	$47,300	
Blue Cross	Kern & Tulare	Salud en El Hogar	$72,818	
Blue Cross	Kings	Health Valley Medical Group	$50,600	
Blue Cross	Kings	Avenal Community Health Center	$48,400	
Blue Cross	Kings	Kings Mobile Clinic	$35,037	
Blue Cross	Lassen & Plumas	Northeastern Rural Health Clinic	$164,646	
Blue Cross	Los Angeles	Samuel Dixon Health Center	$71,885	
Blue Cross	Monterey	Santa Lucia Medical Group	$220,000	
Blue Cross	Orange	Puente La Salud Mobile Clinic	$89,155	
Blue Cross	Stanislaus	Stanislaus County Health Services	$75,900	
Blue Cross	Tulare	Alta Family Health Clinic	$204,160	
Blue Cross	Tulare	Sequoia Family Medical Center	$77,303	
Blue Cross	4 Counties	Tulare Community Health Clinic	$82,500	15 Projects
Delta Dental	All Counties	Spcl. Populations EPO Statewide	$32,700	
Delta Dental	Fresno	Sabian Medical Clinic	$237,161	
Delta Dental	Imperial	Clinicas del Salud del Pueblo	$143,000	
Delta Dental	Kern	Clinica Sierra Vista	$125,003	
Delta Dental	Monterey	Clinica De Salud Del Valle Salinas	$106,544	
Delta Dental	San Diego	LaMaestra Family Clinic	$241,208	
Delta Dental	Santa Cruz & Monterey	Salud Para la Gente	$154,000	
Delta Dental	Sonoma	Alliance Medical Center	$171,590	
Delta Dental	Sonoma	Copper Towers Family Med Cntr	$74,360	
Delta Dental	Ventura	Clinicas del Camino Real	$219,110	
Delta Dental	Yolo	Communicare Health Center	$85,360	11 Projects
		TOTAL:	***$3,000,000***	***26 Total Projects***

RHDP PROJECTS BY COUNTY, HEALTH PLAN AND PARTNER(S) APPENDIX 2-3
Special Populations Projects Page 3 of 3

2001-2002 PLAN	COUNTY	PLAN PARTNER(S)	ALLOCATED FUNDS	PROJECTS
Blue Cross	Statewide	Spcl. Populations EPO Statewide	$152,640	
Blue Cross	Kern	Catholic Healthcare West	$86,738	
Blue Cross	Sacramento	Urban Indian Health Project	$70,830	
Blue Cross	Kings	Kings Health Mobile Services	$62,044	
Blue Cross	Ventura	Santa Paula Memorial Hospital	$84,486	
Blue Cross	Ventura	Samuel Dixon Family Health Cntr	$48,623	
Blue Cross	Mendocino	Consolidated Tribal Health Project	$45,807	
Blue Cross	San Joaquin	Community Medical Centers	$74,220	8 Projects
Delta Dental	Statewide	Spcl. Populations EPO Statewide	$85,071	
Delta Dental	Sonoma	Alliance Medical Center	$188,297	
Delta Dental	Kings	Avenal Community Health Center	$148,266	
Delta Dental	5 Counties	Central Calif. Dental Surgicenter	$170,705	
Delta Dental	Fresno	Children's Mobile Dental Program	$160,045	
Delta Dental	Mendocino, Lake, Sonoma	Consolidated Tribal Health Project	$56,168	
Delta Dental	Madera	Darin Camerena Health Centers	$27,648	
Delta Dental	Santa Cruz	Dientes Community Dental Clinic	$212,977	
Delta Dental	Santa Clara	Elliot School Health Center	$165,110	
Delta Dental	Tulare	Family Healthcare Network	$191,484	
Delta Dental	4 Counties	MACT Dental Clinic	$158,555	
Delta Dental	San Diego	Padre Dental Clinic	$162,000	
Delta Dental	Tulare	United Health Centers	$138,240	
Delta Dental	Humboldt & Del Norte	United Indian Health Services	$58,076	14 Projects
Health Net	Tulare	Family Healthcare Network	$165,000	1 Project
HP San Joaquin	San Joaquin	Community Medical Centers	$120,000	1 Project
Santa Barbara	Santa Barbara	American Indian Health/Services	$166,970	1 Project
		TOTAL:	***$3,000,000***	***25 Total Projects****

* Note: A total of 28 projects were approved for the 2001-03 Fiscal Years. Three projects were scheduled for funding only for Fiscal Year 2002-03.

Appendix 5-1

Rural Health Demonstration Project—Telemedicine Rural Sites

Source: Blue Cross of California